

# Vertical Research Partners Industrials Conference

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## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target." Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan; expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and GE Capital earnings. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our announced plan to reduce the size of our financial services businesses; our ability to complete incremental asset sales as part of that plan in a timely manner (or at all) and at the prices we have assumed; changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of our announced plan to reduce the size of our financial services businesses as well as other aspects of that plan; the impact of conditions in the financial and credit markets on the availability and cost of GECC's funding, and GECC's exposure to counterparties; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage loan repurchase claims and other litigation claims in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC's ability to pay dividends to GE at the planned level, which may be affected by GECC's cash flows and earnings, financial services regulation and oversight, and other factors; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve; the effectiveness of our risk management framework; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation; adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony Financial split-off as planned; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing, including obtaining regulatory approvals for, announced transactions, such as the proposed transactions and alliances with Alstom, Appliances and our announced plan to reduce the size of our financial services businesses, and our ability to realize anticipated earnings and savings; our success in integrating acquired businesses and operating joint ventures; the impact of potential information technology or data security breaches; and the other factors that are described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

This document also contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at [www.ge.com](http://www.ge.com).

In this document, "GE" refers to the Industrial businesses of the Company including GECC on an equity basis. "GE (ex-GECC)" and/or "Industrial" refer to GE excluding Financial Services.

GE's Investor Relations website at [www.ge.com/investor](http://www.ge.com/investor) and our corporate blog at [www.gereports.com](http://www.gereports.com), as well as GE's Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

# Connected industrial company

## A Purposeful Company



Move



Power



Build



Cure

\$70T  
infrastructure  
investment by 2030

A more productive world

## A Valuable Company

90%+



Industrial  
earnings

\$90B+



Cash to  
investors

- + Leadership businesses
- + Strong EPS growth
- + Customer outcomes
- + Financing advantage
- + ↑ margins/↑ returns

## A Competitive Company

- 1 Built on the GE Store
- 2 At the intersection of physical & digital
- 3 Diversity to capitalize on market volatility
- 4 Simpler culture that leverages scale & speed



# GE's digital opportunity ... product cost

## *Simplifying structure*

ERP/manufacturing	↓ 90%
Data Centers	↓ 80%
Applications	↓ 30%
Shared Services	65%
Cloud <sup>-a)</sup>	70%

**More valuable GE resources with fully integrated approach**

## *Benefits*

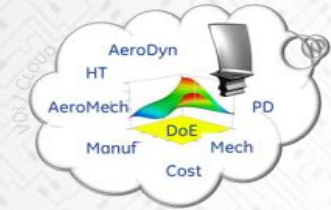


### IT plays

- + Engineering & design
  - + Brilliant Factory
  - + Data-as-a-Service
  - + Field services
  - + CRM / configurators
- 
- + Engineering tools
  - + Shared Services / GL
  - + Cyber Security

# Implementing the digital thread

## ENGINEERING DESIGN

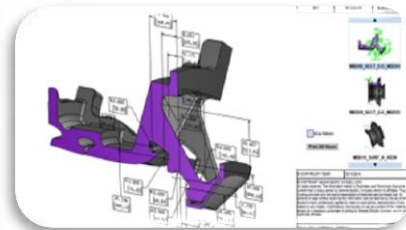
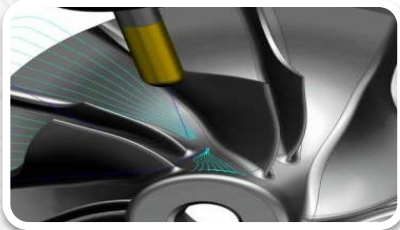


Design for productivity / cost

Common systems strategy for GE +  
fully leverage Predix

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## MANUFACTURE



Optimized manufacturing

Showcase our capability

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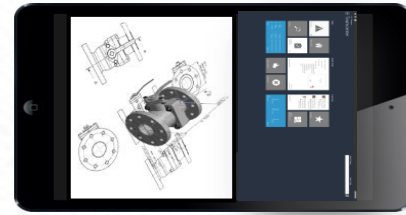
Inside-out strategy

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\$2B productivity and gross margin

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## SERVICES



Condition-based services

Enable digital twin

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Make GE the best example of the Industrial Internet at work



# Engineering & design

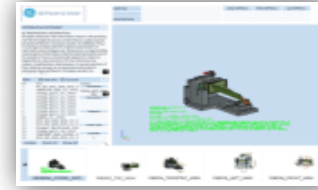
✓ 3D models

✓ Single source of truth

✓ Digital validation

✓ Faster cycle time

✓ Lower cost



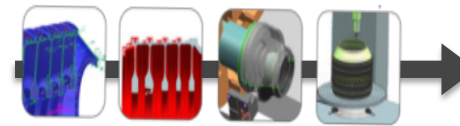
Fully defined  
3D PDF

## Power & Water – Greenville

### Digitally integrated designs

✓ Process simplification, cycle time reduction

✓ **\$103MM** benefit



Integrated models

## Aviation

### Manufacturing design integration

✓ **15%** cycle time reduction

✓ **30-50%** time savings for CNC<sup>(a)</sup>/ CMM<sup>(b)</sup> programming

## Power & Water

### PLM data key source for accurate & efficient should cost models



✓ **20%** cost reduction for compressor airfoils

✓ **\$0.6MM** savings/ unit on castings

(a) - Computer numerical control

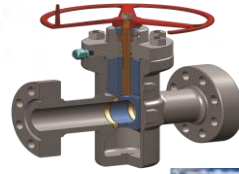
(b) - Coordinate measuring machine

# Manufacturing

- ✓ Consolidated ERPs
- ✓ Sensor enabled machines
- ✓ Leveraging data
- ✓ Real time visualization
- ✓ Optimize plant operations

## *Oil & Gas – Shawnee*

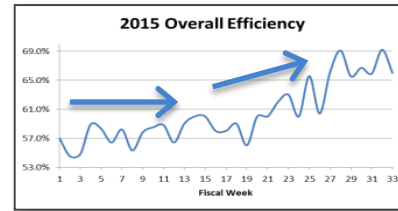
### Supply chain optimization with machine monitoring



- ✓ OTD ↑ by **65%**
- ✓ ↓ maintenance cost & **5%** ↑ utilization

## *Transportation – Grove City*

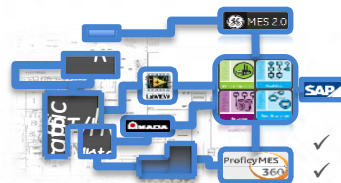
### Machine monitoring to improve equipment efficiency



- ✓ Productivity **\$350k/ % of OEE**
- ✓ Maintenance cost ↓ **\$10k/ event**

## *Lighting – Hendersonville*

### MES fully integrated within GE Lighting



- ✓ Serialization
- ✓ Genealogy
- ✓ Quality

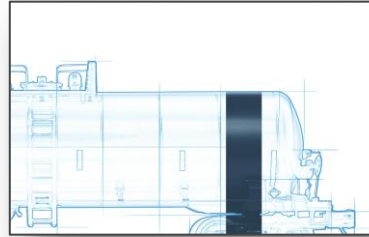
- ✓ Lead time reduced 60% ... **25d → 10d**
- ✓ Labor productivity of **14%**



# Field services

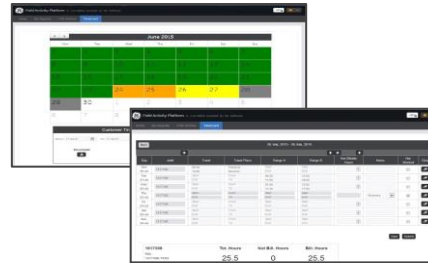
- ✓ Common field service architecture
- ✓ Leveraging Predix
- ✓ Digital thread across service lifecycle management
- ✓ Customized maintenance work scopes
- ✓ Connected tools ... wearables, robotics, etc

## Transportation – RailConnect 360



- ✓ Automated diagnostics & root cause analysis
- ✓ ~\$30MM ↑ productivity

## Oil & Gas – ServiceMax + Predix



- ✓ Wing-to-wing solution from outage planning through execution
- ✓ Improved time tracking, reporting, invoicing

## Power & Water – SmartOutage

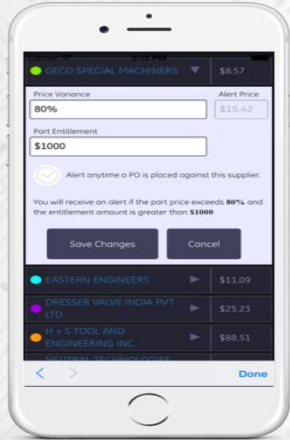


- ✓ Field service mobility platform ... timecard, ibom, reporting, news feed, documentation, etc
- ✓ ~\$150MM ↑ field productivity for Power & Water

# Leveraging data for productivity



## GE-wide Sourcing

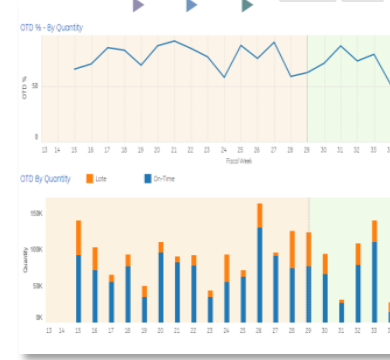


- ✓ 60+ data sources
- ✓ Significant cash & deflation
- ✓ Data quality ↑ 40+%

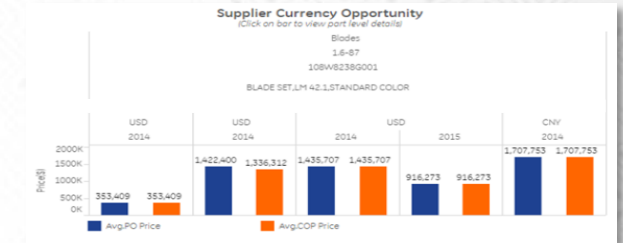


## GEA On-time delivery

- ✓ \$15MM cost avoidance
- ✓ Supplier delivery risks 6 weeks out



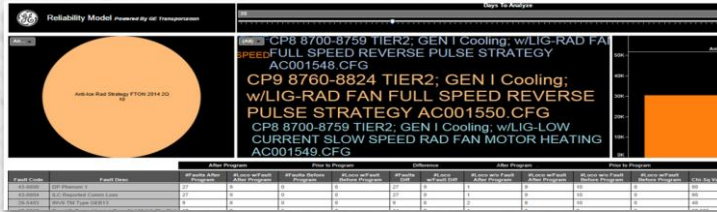
## Renewables F/X



- ✓ Model leveraging F/X data to select best supplier
- ✓ \$12MM savings to date



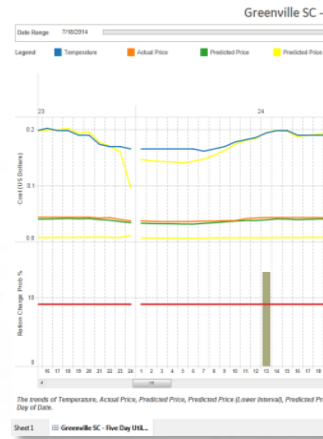
## GET - Reliability



- ✓ 25+ sources of data
- ✓ Find faults 11 wks sooner
- ✓ \$40MM productivity



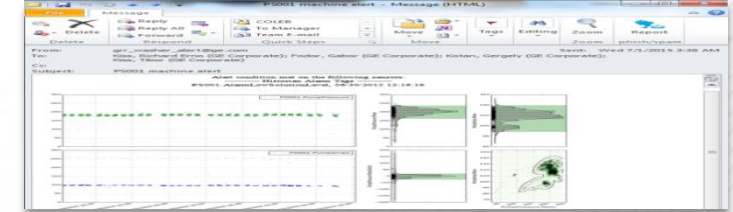
## Greenville Energy Mgt.



- ✓ Predict prices and manage load
- ✓ ~\$1MM/yr. in factory energy cost savings



## Reman Machine Health



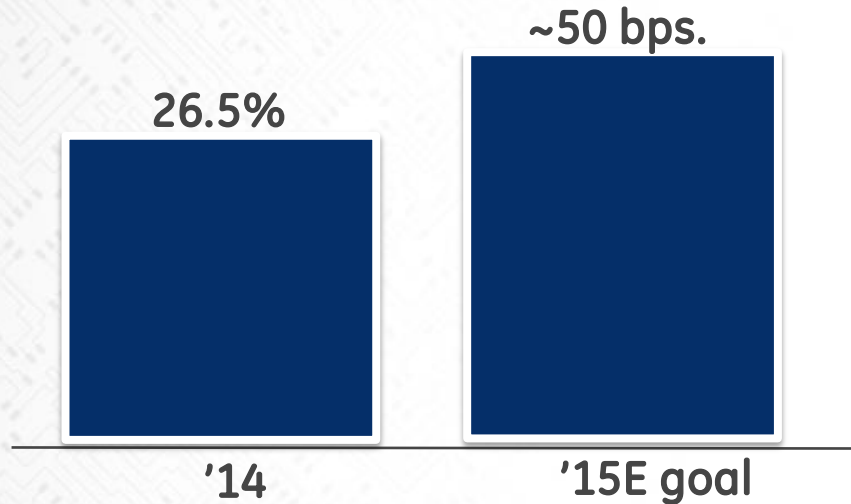
- ✓ \$1-8MM savings by ↓ unplanned downtime
- ✓ Model to flag failed cycles

Driving \$200MM+ productivity for GE businesses in 2015



# Focus on efficiency

## *Segment gross margins*



- ✓ Teams aligned and executing
- ✓ Every X has an owner
- ✓ Incentive structure in place

## *IT actions*

- 1 Engineering and design
- 2 Brilliant Factory
- 3 Field services
- 4 Data-as-a-service
- 5 CRM/configurators
- 6 Cyber security

IT is an enabler for ~50 bps. gross margin expansion in 2015